

# Financial Results for the Second Quarter Fiscal Year Ending December 31, 2020 Investor Relations Presentation Materials

August 18, 2020

President Shirou Tomiyasu



1. Outline of Financial Results for the Second Quarter  
Fiscal Year Ending December 31, 2020
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending  
December 31, 2020
4. Topics

# 1. Outline of Financial Results for the Second Quarter Fiscal Year Ending December 31, 2020



# Impact of the Novel Coronavirus (COVID-19) and Other Factors on Consolidated Business Performance



## <Domestic>

Sales declined due to self-restraints on sales activities including cancelation of exhibitions owing to the impact of COVID-19, pullback in demand after the consumption tax rate increase, etc.

## <Overseas>

- North America : There was some impact of COVID-19 in the first quarter, but it was insignificant. Impacted by reduced shipments of tractors to OEM partners owing to a delay in receiving engines purchased for installation.
- Europe : Stagnant local sales primarily due to temporary closure of local distributors' outlets under lockdowns impacted shipments from the Company and our French subsidiary, leading to a decline in sales.
- China : Sales of rice transplanters were robust.
- ASEAN : The number of bids in Indonesia declined.
- Asia : Sales in South Korea and Taiwan were strong.

## <Impact of COVID-19 (Analysis by the Company)>

Impact on net sales: Japan: ¥(1.9) billion, Overseas: ¥(0.7) billion, Total: ¥(2.6) billion

# Outline of Consolidated Business Performance



(January 1, 2020 to June 30, 2020)

(JPY bn, %)	2Q of FY ended Dec. 2019		2Q of FY ending Dec. 2020		YoY Change
	Actual	%	Actual	%	
Net Sales	77.5	100.0	<b>72.2</b>	<b>100.0</b>	(5.3)
(Domestic)	59.9	77.3	<b>57.2</b>	<b>79.2</b>	(2.7)
(Overseas)	17.6	22.7	<b>15.0</b>	<b>20.8</b>	(2.6)
Operating Income	1.6	2.1	<b>1.3</b>	<b>1.8</b>	(0.3)
Ordinary Income	0.8	1.1	<b>1.1</b>	<b>1.5</b>	0.3
Profit (Loss) attributable to owners of parent	0.7	0.9	<b>1.0</b>	<b>1.4</b>	0.3
Average exchange rate (yen)	US\$	110.7	<b>108.5</b>		(2.2)
	Euro	125.7	<b>119.7</b>		(6.0)

# Domestic Sales



YoY  
-¥2.7 billion

As sales of agricultural machinery and farming implements decreased due to the pullback in demand after the consumption tax rate increase and the impact of COVID-19, sales declined overall, though sales of spare parts and revenue from repair fees were strong and sales of construction of facilities increased.

(JPY bn)		2Q of FY ended Dec. 2019 Actual	2Q of FY ending Dec. 2020 Actual	YoY Change		
					Notes	
Agricultural Machinery Related	Agricultural Machinery					
		Cultivating & Mowing Machinery	15.1	13.4	(1.7)	Tractors: (1.5)
		Planting Machinery	6.1	5.5	(0.6)	Rice transplanters:(0.5)
		Harvesting & Processing Machinery	5.4	4.3	(1.1)	Combine harvesters: (0.9)
		<b>Total</b>	<b>26.6</b>	<b>23.2</b>	<b>(3.4)</b>	
		Farming Implements	12.0	10.7	(1.3)	
		Spare Parts	6.9	7.2	0.3	
		Repair Fees	2.6	2.7	0.1	
		<b>Total</b>	<b>21.5</b>	<b>20.6</b>	<b>(0.9)</b>	
		<b>Total</b>	<b>48.1</b>	<b>43.8</b>	<b>(4.3)</b>	
	Construction of Facilities	1.3	3.0	1.7		
	Others	10.5	10.4	(0.1)		
	<b>Total</b>	<b>59.9</b>	<b>57.2</b>	<b>(2.7)</b>		

## Main factors of YoY changes

- ✓ Sales of agricultural machinery decreased ¥3.4 billion due to the pullback in demand after the consumption tax rate increase, and cancelations of exhibitions and self-restraints on sales activities owing to the impact of COVID-19. Sales of farming implements decreased in tandem with the decreased agricultural machinery sales.
- ✓ Sales of spare parts and revenue from repair fees continued to be strong.
- ✓ Sales of construction of facilities increased ¥1.7 billion due to completion of large-scale facilities.

# Overseas Sales



YoY  
-¥2.6 billion

Sales declined overall due a decrease in sales to North America, Europe, and ASEAN, despite an increase in those to China and South Korea.

(JPY bn)	2Q of FY ended Dec. 2019 Actual	2Q of FY ending Dec. 2020 Actual	YoY Change	
				Notes
North America	6.4	4.7	(1.7)	Tractors: (1.7)
Europe	5.9	5.1	(0.8)	Tractors: (0.2) Lawn mowers: (0.6)
China	0.1	0.4	0.3	Rice transplanters: 0.3
ASEAN	0.9	0.5	(0.4)	Tractors: (0.3)
Others	2.1	2.4	0.3	South Korea: 0.2
Product Sales Total	15.4	13.1	(2.3)	
Parts & Others	2.2	1.9	(0.3)	
Total Sales	17.6	15.0	(2.6)	

## Main factors of YoY changes

- ✓ **North America:** Lower sales due to decreased shipments of tractors owing to a delay in receiving engines.
- ✓ **Europe:** Decline in sales from shipment adjustment owing to temporary closures of local distributors' shops in Germany, Belgium and other countries.
- ✓ **China:** Increased sales due to increased shipments of semi-finished products to Dongfeng Iseki.
- ✓ **ASEAN:** Lower sales due to decreased shipments of tractors to Indonesia.
- ✓ **Others:** Higher sales due to increased shipments of tractors and combine harvesters to South Korea.

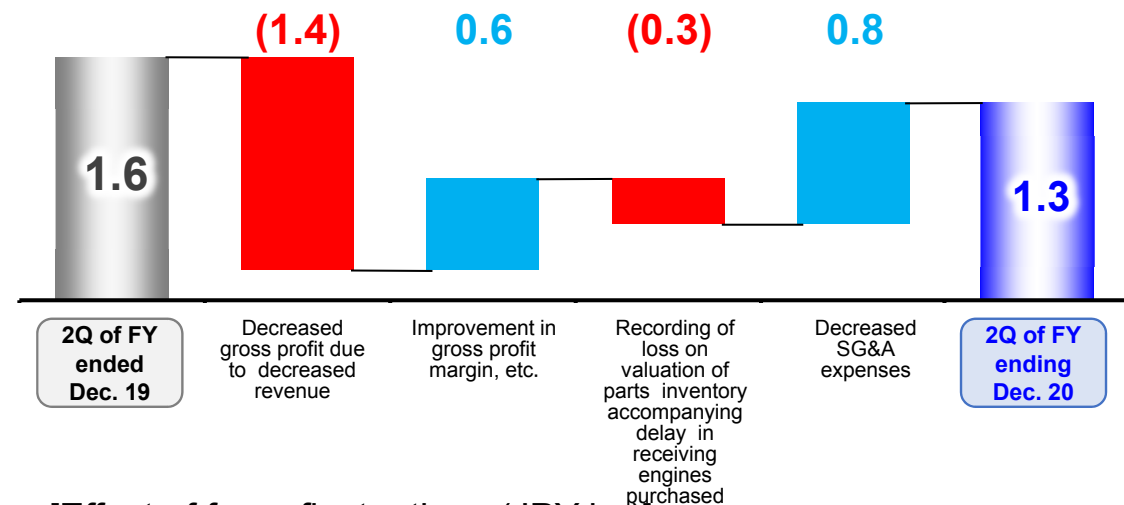
# Operating Income

YoY  
-¥0.3 billion

We covered the decrease in gross profit stemming from revenue decline with a reduction in selling, general and administrative expenses, improvement in gross profit margin, etc., but there was a YoY decrease in operating income due to recording of loss on valuation of parts inventory.

(JPY bn, %)	2Q of FY ended Dec. 2019 Actual	2Q of FY ending Dec. 2020 Actual	YoY Change
Net Sales	77.5	<b>72.2</b>	(5.3)
Gross Profit	22.5	<b>21.4</b>	(1.1)
Gross Profit Margin	29.1%	<b>29.7%</b>	0.6%
SG&A Expenses	20.9	<b>20.1</b>	(0.8)
Personnel Expenses	12.2	<b>12.0</b>	(0.2)
Other Expenses	8.7	<b>8.1</b>	(0.6)
Operating Income	1.6	<b>1.3</b>	(0.3)

[Breakdown of YoY Change]



[Effect of forex fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(0.3)	(0.3)	0.0	<b>±0.0</b>



# Ordinary Income, Quarterly Net Income



Ordinary  
income  
YoY  
¥0.3 billion

Increased YoY owing to a decrease in foreign exchange losses and a reduction in share of loss of entities accounted for using equity method accompanying improved revenue of Dongfeng Iseki and a change in our investment ratio.

(JPY bn)	2Q of FY ended Dec. 2019 Actual	2Q of FY ending Dec. 2020 Actual	YoY Change
Operating Income	1.6	<b>1.3</b>	(0.3)
Balance of Financial Income	(0.4)	<b>(0.4)</b>	±0.0
Other Non-operating Income	(0.4)	<b>0.2</b>	0.6
Ordinary Income	0.8	<b>1.1</b>	0.3
Extraordinary Income	0.1	<b>0.6</b>	0.5
Extraordinary Losses	(0.1)	<b>(0.1)</b>	±0.0
Income before Income Taxes	0.8	<b>1.6</b>	0.8
Income Taxes - Deferred	(0.1)	<b>(0.6)</b>	(0.5)
Profit (Loss) Attributable to Owners of Parent	0.7	<b>1.0</b>	0.3

## Non-operating Income (YoY change)

Decrease in share of loss of entities accounted for using equity method	0.5 billion
Decrease in foreign exchange losses	0.1 billion

(Reference) Related to equity method

(JPY bn)	2Q of FY ended 2019 Actual	2Q of FY ending 2020 Actual	Change
Share of profit or loss of entities accounted for using equity method (non-operating)	(0.7)	<b>(0.2)</b>	0.5
Loss (gain) on change in equity (extraordinary)	-	<b>0.6</b>	0.6

# Balance Sheet (Consolidated)

YoY

**Accounts receivable – trade decreased and inventories increased, due to lower domestic and overseas net sales**

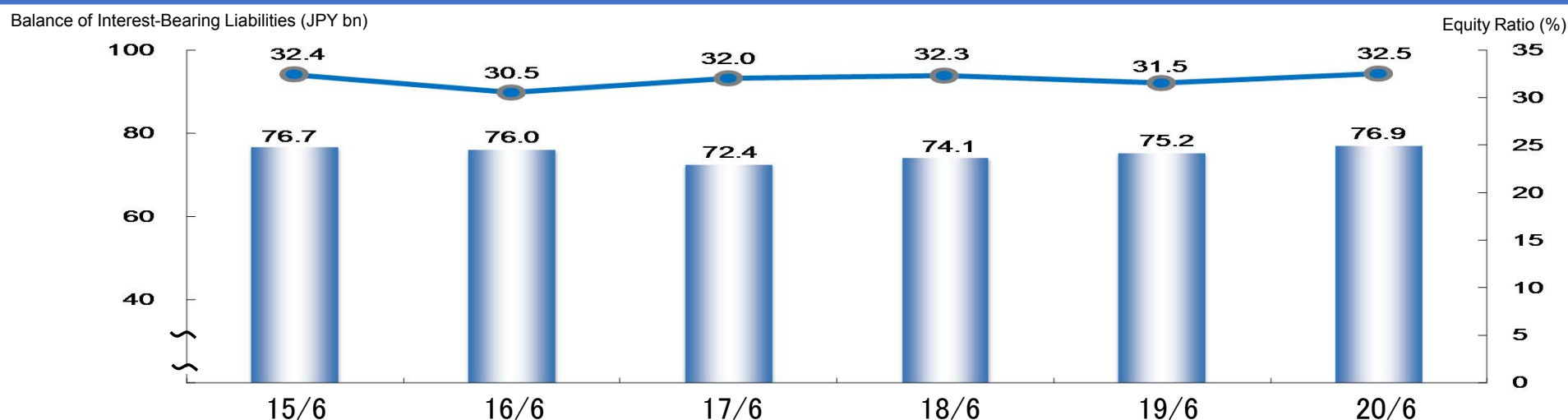
(JPY bn)	As of June 30, 19	As of June 30, 20	Change		As of June 30, 19	As of June 30, 20	Change
Cash & Deposits	8.2	<b>7.6</b>	(0.6)	Accounts Payable - Trade	45.8	<b>41.3</b>	(4.5)
Accounts Receivable – Trade	34.8	<b>30.2</b>	(4.6)	Interest-bearing Liabilities	75.2	<b>76.9</b>	1.7
Inventories	54.8	<b>56.6</b>	1.8	(Loans Payable)	67.8	<b>68.6</b>	0.8
Other Current Assets	5.5	<b>4.3</b>	(1.2)	(Lease obligations)	7.4	<b>8.3</b>	0.9
(Short-term loans receivable)	2.8	<b>1.5</b>	(1.3)	Other Liabilities	22.9	<b>19.8</b>	(3.1)
<b>Total Current Assets</b>	<b>103.3</b>	<b>98.7</b>	<b>(4.6)</b>	<b>Total Liabilities</b>	<b>143.9</b>	<b>138.0</b>	<b>(5.9)</b>
Property, plant and equipment	97.4	<b>97.4</b>	±0.0	<b>Net Assets</b>	<b>68.6</b>	<b>69.0</b>	<b>0.4</b>
(Lease assets)	7.3	<b>7.8</b>	0.5	(Retained Earnings)	17.0	<b>17.3</b>	0.3
Intangible assets	1.2	<b>1.4</b>	0.2	(Valuation Difference on Available-for-sale Securities)	0.2	<b>(0.1)</b>	(0.3)
Investments and Other Assets	10.6	<b>9.5</b>	(1.1)	(Foreign Currency Translation Adjustment)	0.7	<b>0.5</b>	(0.2)
(Investment securities, Capital)	6.1	<b>5.1</b>	(1.0)	<b>Total Liabilities and Net Assets</b>	<b>212.5</b>	<b>207.0</b>	<b>(5.5)</b>
<b>Total Non-current Assets</b>	<b>109.2</b>	<b>108.3</b>	<b>(0.9)</b>				
<b>Total Assets</b>	<b>212.5</b>	<b>207.0</b>	<b>(5.5)</b>				

# Equity ratio / Interest-bearing liabilities



Interest - bearing liabilities, D/E ratio

In June (mid-term), level of borrowings remained relatively high mainly due to effect prior to collection of spring products, D/E ratio was 1.11 times due to increased interest-bearing liabilities through increased lease obligations, etc.



Loans payable, corporate bonds	67.6	67.5	64.8	67.8	67.8	68.6
Lease obligations	9.1	8.5	7.6	6.3	7.4	8.3
Total	76.7	76.0	72.4	74.1	75.2	76.9
D/E Ratio	1.09	1.16	1.05	1.04	1.10	1.11

Note : D/E Ratio=Interest bearing liabilities(incl. Lease liabilities)/Net assets

# Statement of Cash Flows

ISEKI

Cash flows

We had negative operating cash flows due to the impact of decreased sales.

(JPY bn)

	2Q of FY ended Dec. 2019 Actual	2Q of FY ending Dec. 2020 Actual	YoY Change
Cash flows from operating activities	1.0	<b>(3.1)</b>	(4.1)
Cash flows from investing activities	(4.7)	<b>(4.6)</b>	0.1
Free cash flow	(3.7)	<b>(7.7)</b>	(4.0)
Cash flows from financing activities	4.4	<b>6.7</b>	2.3
Effect of exchange rate change on cash and cash equivalents	(0.1)	<b>0.0</b>	0.1
Net increase (decrease) in cash and cash equivalents	0.6	<b>(1.0)</b>	(1.6)

## 2. Domestic and Overseas Markets

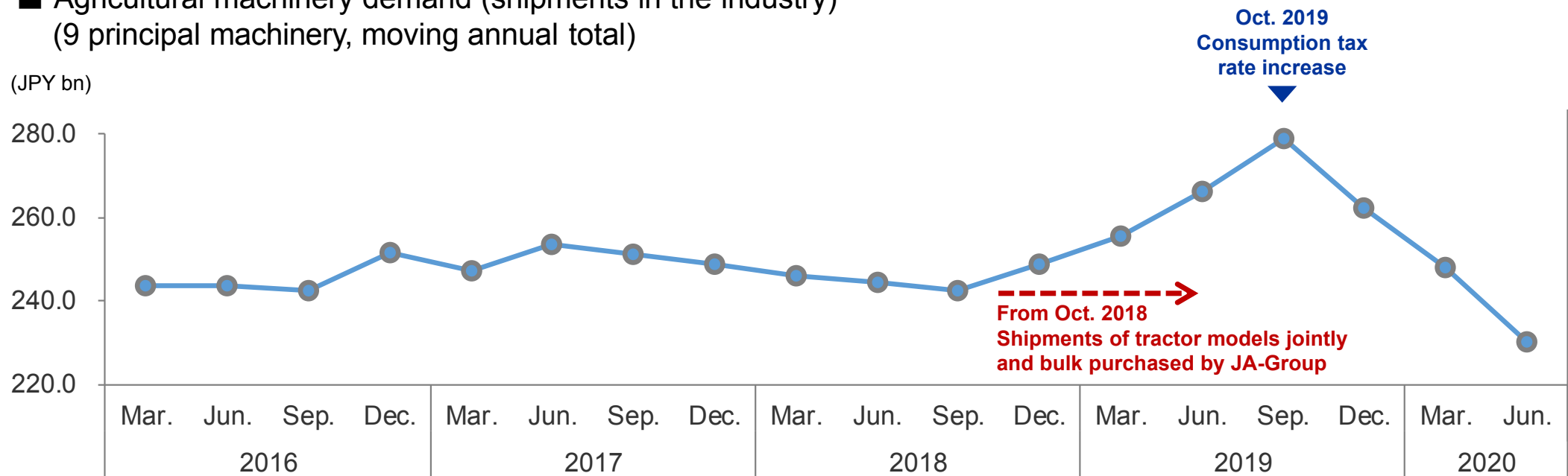


# Domestic Agricultural Machinery Market Trends ISEKI

## Domestic agricultural machinery demand

**Due to the pullback in demand after the consumption tax rate increase in October 2019 together with the impact of the novel coronavirus (COVID-19), the demand was lower than it was before the start of the rush demand in 2018.**

■ Agricultural machinery demand (shipments in the industry)  
(9 principal machinery, moving annual total)



\* 9 principal machinery: Tractors, combine harvesters, rice transplanters, tillers, drying machines, rice huskers, binders, harvesters, treatment  
Source: Estimated by ISEKI from statistics provided by the Japan Agricultural Machinery Manufacturers Association

# Domestic Agricultural Machinery Shipments and ISEKI's Sales Performance



ISEKI's sales performance

**Our actual sales were showing signs of weakness, but amid the impact of the novel coronavirus (COVID-19), our figures were above those of the industry.**

## YoY growth rate for 9 principal machinery categories (moving annual total)

\* ISEKI estimates (%)

		Jul. 2017- Jun. 2018	Jul. 2018- Jun. 2019	Jul. 2019- Jun. 2020	Jan.-Jun. 2020
Industry	(Amount of shipment)	96%	109%	86%	77%
ISEKI	(Sales amount)	100%	98%	89%	86%

\* 9 principal machinery: Tractors, combine harvesters, rice transplanters, tillers, drying machines, rice huskers, binders, harvesters, treatment

## (1) We have launched “ISEKI Virtual Demonstration” that you can watch anytime, anywhere

- ✓ Introducing work demonstration videos of new products, smart agricultural machinery utilizing advanced technologies, etc.





## (2) Distribution of promotion videos for new product releases

- ✓ Promote new products to many people (approx. 100,000 play counts (as of August 2020))



### Number of new product releases

<< 19 items, 38 models >>

#### [For domestic markets]

- Tractors: 7 items
- Rice transplanters: 2 items
- Vegetable cultivation machinery: 2 items
- Farming Implements: 1 items

#### [For overseas markets]

- For Europe: 2 items
- For North America: 1 items
- For South Korea: 4 items

# Introduction of a New Product

ISEKI

つなぐ 誕生 50年

ISEKI straight-traveling and turning assistance system



"Japan" lined up with the addition of a new rice transplanter



<Concepts>

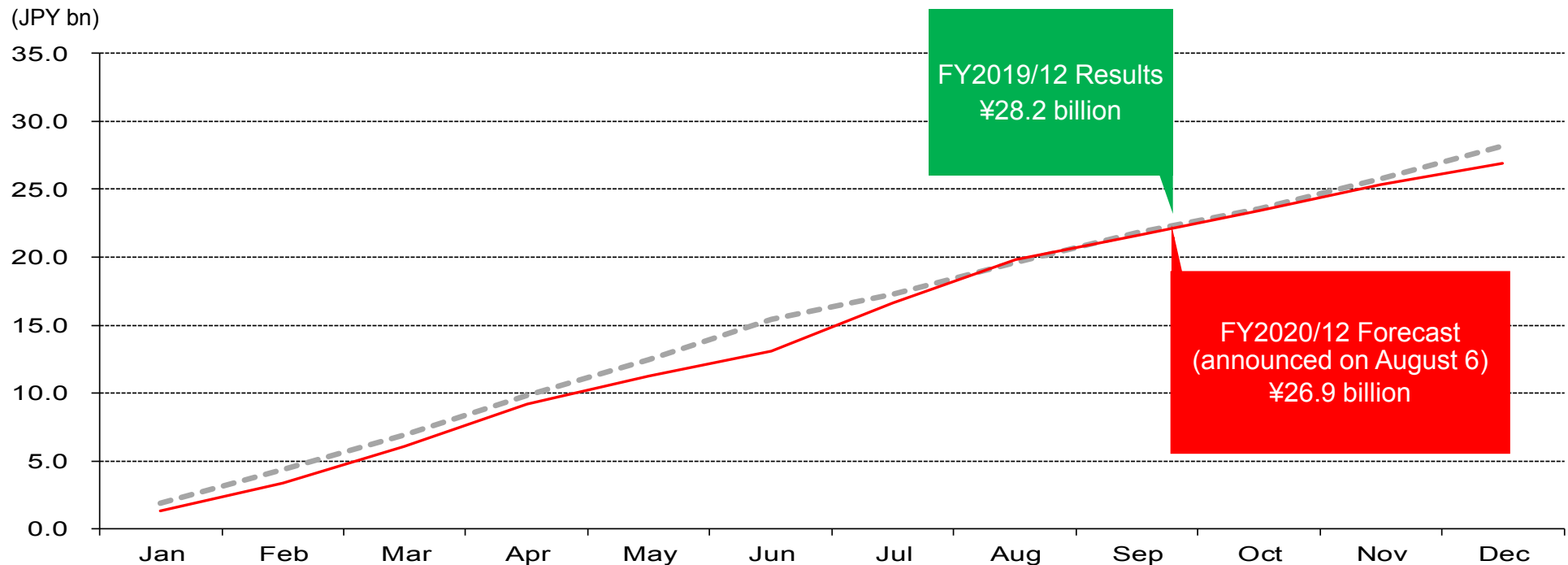
Strengthen smart agricultural machinery and ICT, enhance products for large-scale farming, 95th anniversary commemorative machinery

# Overseas Product Sales



overseas sales

Sales will fall below the previous year primarily due to the impact of the novel coronavirus (COVID-19) in Europe.



\* Based on finished products. "Parts & Others" is not included.

## ◆ Sales activities

<All regions>

Performed sales activities such as distribution of videos on websites and advertisement using SNS.

✓ Europe and U.S.

Developed consumer business by enhancing product lineups to meet increased demand from hobby users and expanding sales on DIY sales networks.

✓ Thailand

Conducted service campaigns for users and enhanced after-sales services.

## ◆ Production activities

Remotely directed the launch of new products at PT. ISEKI INDONESIA from Japan and launched the products smoothly.

# Market Trend (North America)



## North America

- In the compact tractor market, demand for the products for hobby farmers increased and the market recovered quickly from the impact of the novel coronavirus (COVID-19). AGCO's actual sales exceeded the market and remained strong.
- Delay in receiving engines impacted our sales in the first half, but we will strive to recoup the decline by new products equipped with engines made in-house in the second half.

### 1. Trend in the market

Category (PTO HP)	(1,000 units, %)	
	40HP and lower (Compact tractors)	40-100HP (Utility tractors)
Jan.-Jun. 2019	98	31
Jan.-Jun. 2020	110	33
Difference (%)	<b>113%</b>	<b>106%</b>

(1,000 units, %)
100HP and above
10
9
<b>92%</b>

(Source: statistics provided by AEM )

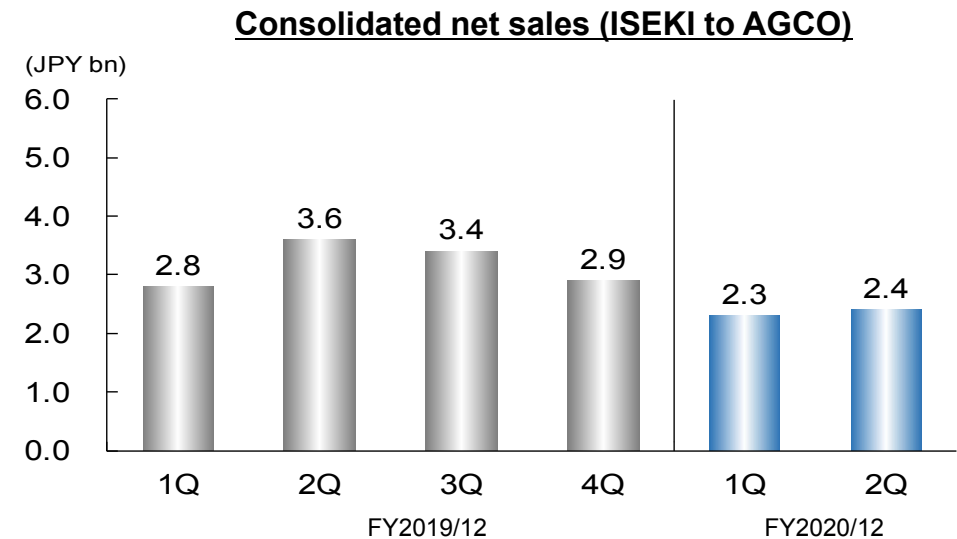
### 2. Situation of AGCO (OEM partner)

#### Unit sales (Jan.-Jun. 2020)

- Compact tractors: YoY 120%
- Utility tractors: YoY 114%

### 3. Sales and orders at ISEKI

Shipments/orders (Jan.-Sep. 2020): YoY 92%



# Market Trend (Europe)



## Europe

From May onward, store operations have resumed gradually, with signs of recovery in the market for consumers.  
In the market for professionals, we will watch the trends in the local governments' landscaping budgets.

### 1. Trend in the market

#### <Landscaping market>

- From mid-March to early May, demand in agricultural machinery and landscaping markets was sluggish as a result of the closure of dealers' shops due to the lockdown.
- In June, demand for gardening products primarily for consumers partially recovered due to the favorable weather. Going forward, as for the products for professionals, we must pay attention to the trends in local governments' landscaping budgets.

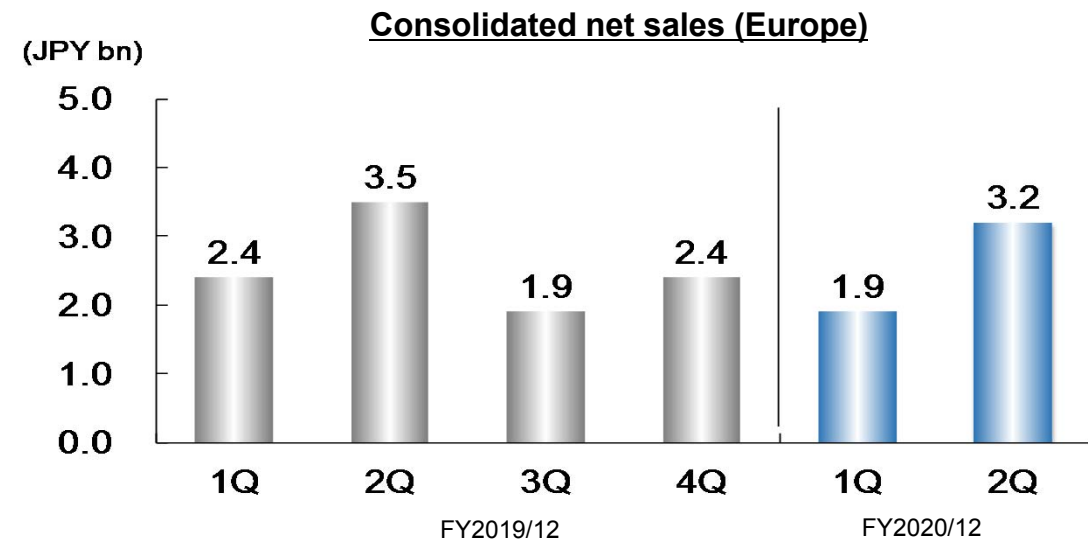
### 2. Local sales

#### ➤ Sales (Jan.-Jun. 2020)

- Local distributors: YoY 86%  
(Unit sold base)

### 3. Sales and orders at ISEKI

Shipments/orders (Jan.-Sep. 2020): YoY 83%



## Thailand

Due to the drought from the end of last year together with the COVID-19 disaster, there has been a delay in recovery of the financial situation and demand of farmers.

### 1. Trend in the market

- The effects of the drought have become severe since December and income compensation has been provided to farmers.
- Irrigation water storage decreased dramatically, acreage for dry season rice is limited, and a large decrease in yield is predicted.
- The willingness of farmers to purchase products has significantly declined and we assume that it will take some more time for the purchasing power to fully recover.

### 2. Situation of the local distributor "IST Farm Machinery"

Number of units sold  
(ASEAN strategy tractor, Jan.-Jun. 2020): YoY 74%

### 3. Sales and orders at ISEKI

Shipments/orders (Jan.-Sep. 2020): YoY 212%



# Market Trend (ASEAN and Neighboring Regions)



## ASEAN and Neighboring Regions

- Indonesian government tendering decreased slightly from the previous year. In addition, the budget may be diverted to measures against the novel coronavirus (COVID-19), to which we will pay attention.
- In Myanmar, although sales activities are restricted due to the impact of COVID-19, local sales have been strong.

### 1. Trend in the market

#### <Indonesia>

- Promotion of mechanization led by the government since 2015 continues (government tendering).
- Government tendering decreased year on year. We will pay attention to its trend in the second half.

#### <Myanmar>

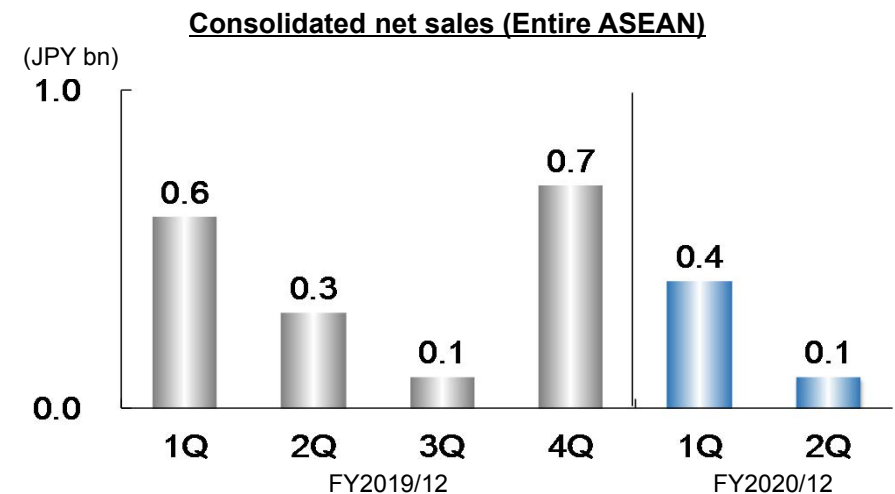
- It is a market where mechanization is accelerating, and local sales have been strong even with the COVID-19 disaster.

### 2. Our situation

- Indonesia: Decreased sales compared to previous period due to a lower tendering volume
- Myanmar: Sales expansion through IST Farm Machinery

### 3. Initiatives by ISEKI Thailand

Enhance support of operation/service of distributors.  
Enhance supply system of repair parts based on ISEKI Thailand in anticipation of future market expansion.





# PT. ISEKI INDONESIA (Manufacturing Subsidiary)



PT. ISEKI  
INDONESIA

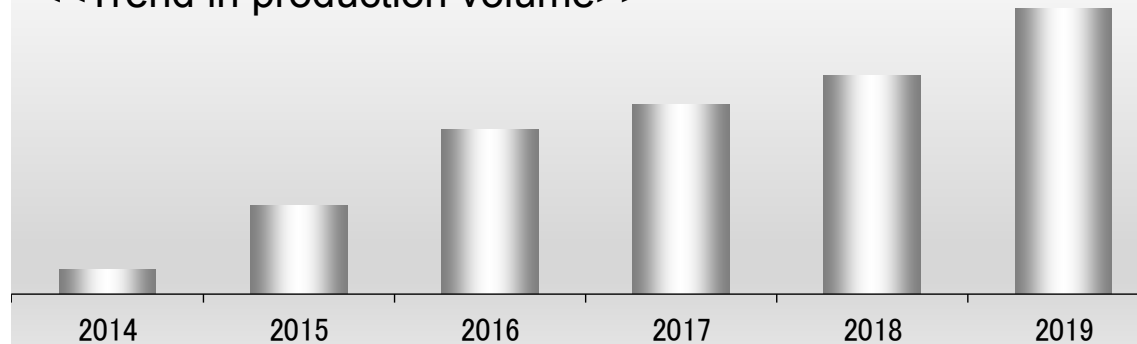
Production in Jan.-Jun. fell short of the plan due to a decrease in production for North America and ASEAN.

We promote further enhancement of profitability as the base station for earning abroad.

(Units, JPY bn)

	2014	2015	2016	2017	2018	2019	Jan.-Jun. 2020	
	Results	Results	Results	Results	Results	Results	Plan	Results
Production Volume	1,100	3,900	7,300	8,400	9,700	12,600	6,400	5,000
Operating Income	(0.3)	(0.4)	(0.3)	0.3	0.1	0.3	0.2	0.2

<<Trend in production volume>>



# Trends in Overseas Markets (China)



## China

Sales of ride-on rice transplanters are robust as the government is strongly promoting grain production centered on rice to secure food, and restrictions on movement of contractors is stimulating demand for agricultural machinery in Hubei Province.

### 1. National government subsidy

2014	2015	2016	2017	2018	2019	2020
23.8	23.8	23.7	18.6	18.6	18.0	<b>18.0</b> (Estimate)

(RMB bn)

### 2. Trends in the agricultural machinery industry

By product type (YoY change, units)

	Jan.-Jun. 2018	Jan.-Jun. 2019	Jan.-Jun. 2020
Rice transplanters (riding)	80.6%	94.5%	125.6%
Combine harvesters (all-purpose, auto-threshing)	57.3%	87.7%	91.9%
Tractors (medium- to large-sized)	72.8%	106.4%	117.8%

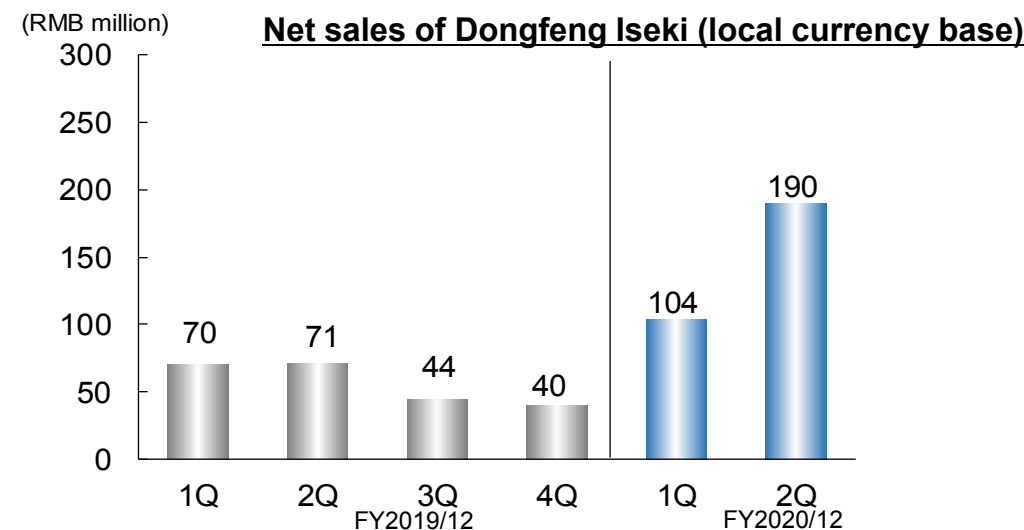
(%)

\*Source: China Association of Agricultural Machinery Manufacturers

### 3. Situation of Dongfeng Iseki

(Jan.-Jun. 2020, number of units sold)

- Ride-on rice transplanters: YoY 303%
- Tractors: YoY 98%
- Ride-on control machines: YoY large increase



## East Asia

- **South Korea:** The rice transplanter market in Jan.-May remained the same YoY with no signs of impact of novel coronavirus (COVID-19).
- **Taiwan:** Large YoY increase due to a subsidy system for purchases of large agricultural machinery

### 1. Trend in the market

#### <South Korea>

Crop rotation is being encouraged under the leadership of the South Korean government and progress is being made in increasing the size and efficiency of agricultural machinery due to farmland consolidation.

The need for large-size, high-performance machinery is growing as the number of farmers is falling.

#### <Taiwan>

A subsidy system for purchases of large agricultural machinery was in place from Oct.-Dec. 2019.

Similar subsidy systems have been in place in 2020 as well.



### 2. Situation of ISEKI

#### ➤ South Korea:

Sales of our brand's flagship products, TJ series tractors and HJ series combine harvesters, via the sales channel of the TYM Group, a major South Korean agricultural machinery manufacturer, continuing from the previous quarter.

- Shipments/orders (Jan.-Jun. 2020)
  - Rice transplanters : YoY 87%
  - Combine harvesters: YoY 125%
  - Tractors : YoY 775%

#### ➤ Taiwan

Sales of tractors, combine harvesters, and rice transplanters through local distributors

- Shipments/orders (Jan.-Jun. 2020)
  - Tractors : YoY 230%

3. Performance Forecast for the  
Fiscal Year Ending  
December 31, 2020



## ◆ Assumptions on business environment

- ✓ The novel coronavirus infectious disease (COVID-19) will come to an end in the first half of the fiscal year ending December 31, 2021.
- ✓ Given that the economic activities have been resuming in Japan and overseas, the Group's sales will gradually recover from the third quarter of this fiscal year onward.

## ◆ Outlook by Market

<Domestic> : The exhibition will resume in stages, and the impact of COVID-19 will gradually diminish.

### <Overseas>

North America : New products with engines made in-house will eliminate the impact of the delay in receiving engines in the first half.

Europe : Shipments from the Company will decline due to the expected inventory adjustment for a certain period of time due to the impact of the decrease in sales at local distributors in the first half. The local market, primarily for products for consumers, will recover, and the performance of ISEKI France will pick up.

ASEAN : The number of bids in Indonesia will decline and impact of drought will persist in Thailand, our mainstay market.

Asia : Strong sales in South Korea and Taiwan will continue from the first half.

### <Outlook on Production>

As distribution inventory and inventory at distributors increased in the first half due to the stagnant sales in Japan and overseas, we expect inventory adjustment in the second half.

### <Impact of COVID-19 (Estimates)>

Impact on net sales: Japan: ¥(2.7) billion, Overseas: ¥(1.6) billion, Total: ¥(4.3) billion

# Consolidated Net Sales , Operating Income Forecast



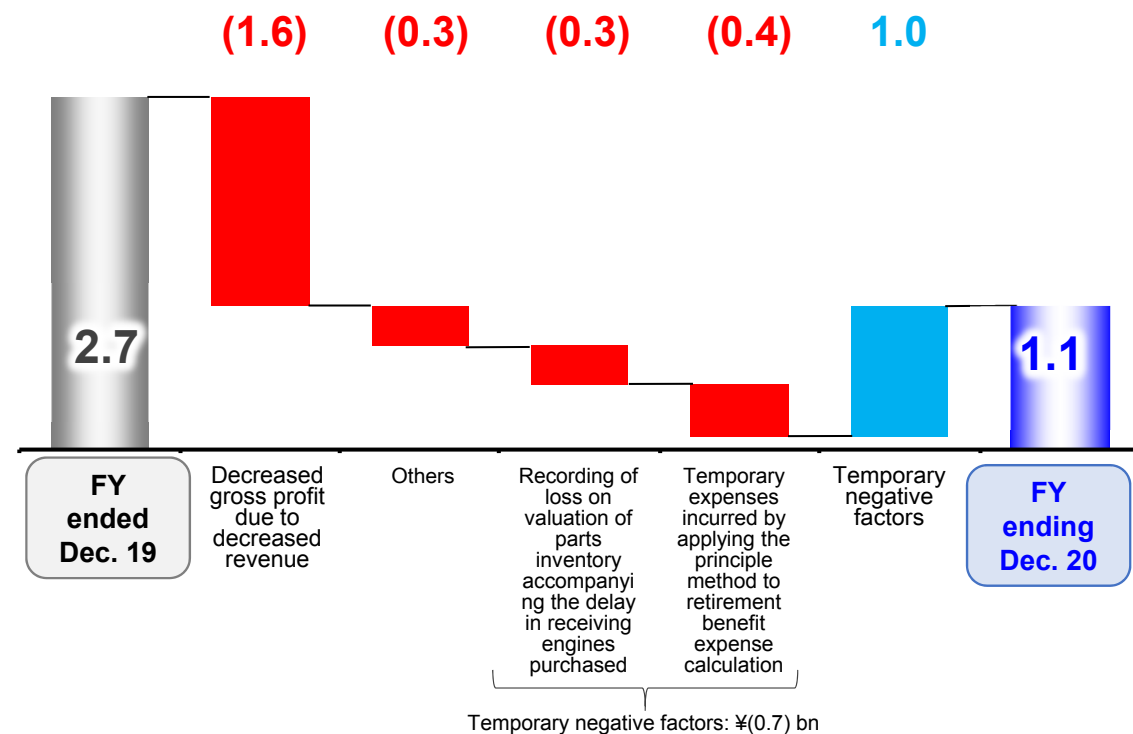
## Performance Forecast

- Net sales are expected to decrease by ¥5.4 billion year on year to ¥144.5 billion, due to the impact of COVID-19 and the pullback in demand after the consumption tax increase.
- Operating income is expected to decrease by ¥1.6 billion year on year to ¥1.1 billion, owing to temporary negative factors in addition to a decrease in gross profit resulting from a decrease in sales.

(JPY bn, %)	FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 Forecast ※	YoY Change
Net Sales	156.0	149.9	144.5	(5.4)
(Domestic)	122.8	117.7	114.5	(3.2)
(Overseas)	33.2	32.2	30.0	(2.2)
Gross Profit	46.0	44.5	42.3	(2.2)
Gross Profit Margin	29.5%	29.7%	29.3%	(0.4)%
SG&A Expenses	42.8	41.8	41.2	(0.6)
Personnel Expenses	25.4	24.7	24.8	0.1
Other Expenses	17.4	17.1	16.4	(0.7)
Operating Income	3.2	2.7	1.1	(1.6)

※ Forecast announced on August 6, 2020

[Breakdown of YoY Change in operating income]



# Performance Forecast for the Fiscal Year Ending December 31, 2020



## Performance Forecast

- Under the assumption that COVID-19 will come to an end in the first half of the fiscal year ending December 31, 2021, and given that the economic activities have been resuming in Japan and overseas, the Company expects that the Group's sales will gradually recover from the third quarter of this fiscal year onward. As for income and profit, we factored inventory adjustment in response to the recent increase in distribution inventory into the calculation of the consolidated financial results forecast.
- The dividend forecast remains undetermined due to the uncertainty about the economic impact of COVID-19.

### 1. Consolidated Full-Year Performance Forecast

(JPY bn)	FY ended Dec. 2019 Actual	FY ending Dec. 2020 Forecast	YoY Change
Net Sales	149.9	144.5	(5.4)
(Domestic)	117.7	114.5	(3.2)
(Overseas)	32.2	30.0	(2.2)
Operating Income	2.7	1.1	(1.6)
Ordinary Income	1.1	0.2	(0.9)
Profit (Loss) attributable to owners of parent	0.7	0.2	(0.5)
Foreign exchange rates			
US\$	109.3	106.5	(2.8)
Euro (yen)	121.6	118.8	(2.8)

### 2. Dividend Forecast

(JPY yen)	FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 Forecast
Year-End Dividend	30	30	Undetermined

#### [Net sales]

- Net sales are expected to decrease by ¥5.4 billion year on year to ¥144.5 billion, due to the impact of COVID-19 and the pullback in demand after the consumption tax increase.

#### [Income and profit]

- Operating income is expected to decrease by ¥1.6 billion year on year to ¥1.1 billion, owing to temporary negative factors in addition to a decrease in gross profit resulting from a decrease in sales.

\* Exchange rate forecast from the third quarter onward:  
 US\$ = ¥105, Euro = ¥118



# Domestic Sales Forecast



## Domestic Sales

Overall sales are expected to decline due to a decrease in sales of agricultural machinery and farming implements attributable to the pullback in demand after the consumption tax rate increase and the impact of COVID-19, despite increases in sales of spare parts, revenue from repair fees, and sales of construction of facilities.

(JPY bn)		FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 ※ Forecast	YoY Change	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	27.4	25.4	<b>23.7</b>	(1.7)
		Planting Machinery	9.2	9.0	<b>8.4</b>	(0.6)
		Harvesting & Processing Machinery	20.0	18.6	<b>16.8</b>	(1.8)
		<b>Total</b>	<b>56.6</b>	<b>53.0</b>	<b>48.9</b>	<b>(4.1)</b>
	Farming Implements	Farming Implements	20.2	20.1	<b>19.0</b>	(1.1)
		Spare Parts	14.8	15.0	<b>15.3</b>	0.3
		Repair Fees	5.6	5.7	<b>5.9</b>	0.2
		<b>Total</b>	<b>40.6</b>	<b>40.8</b>	<b>40.2</b>	<b>(0.6)</b>
	<b>Total</b>	<b>97.2</b>	<b>93.8</b>	<b>89.1</b>	<b>(4.7)</b>	
	Construction of Facilities	5.7	4.6	<b>6.3</b>	1.7	
Others	19.9	19.3	<b>19.1</b>	(0.2)		
<b>Total</b>	<b>122.8</b>	<b>117.7</b>	<b>114.5</b>	<b>(3.2)</b>		

※ Forecast announced on August 6, 2020

# Overseas Sales Forecast



## Overseas Sales

Though recovery trend is anticipated in the second half, sales are expected to decline as we will not be able to completely cover the decrease in sales due to the impact of COVID-19 (Europe) and the delay in receiving engines (North America) in the first half.

(JPY bn)	FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 ※ Forecast	YoY Change
North America	10.8	12.7	<b>11.7</b>	(1.0)
Europe	10.9	10.2	<b>9.3</b>	(0.9)
China	1.0	0.1	<b>0.6</b>	0.5
ASEAN	3.9	1.7	<b>0.8</b>	(0.9)
Others	1.8	3.5	<b>4.5</b>	1.0
Product Sales Total	28.4	28.2	<b>26.9</b>	(1.3)
Parts & Others	4.8	4.0	<b>3.1</b>	(0.9)
Total Sales	33.2	32.2	<b>30.0</b>	(2.2)

※ Forecast announced on August 6, 2020

## 4. Topics





Contact about this ISEKI report  
Public & Investor Relations Section, ISEKI & CO., LTD.  
5-3-14, Nishi-Nagasaki, Arakawa-ku, Tokyo, 116-8541 JAPAN  
TEL: +81(0)3 5604-7522 FAX: +81(0)3 5604-7701  
E-mail: [isk.info@iseki.co.jp](mailto:isk.info@iseki.co.jp)  
Issued in June 2021



ISEKI & CO., LTD

## ISEKI Report 2020

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- ✓ Value creation by ISEKI Group
- ✓ Business promotion of ISEKI Group
- ✓ ESG initiatives that support value creation and others

## 1. Number of patents registered in Japan by sector

### Ranked No. 1 in the Other Special Machinery Sector

Year	2000-2006	2007-2014	2016-2017	2018	2019
Statistics	Number of patents published by sector		Number of patents registered by sector		
Sector	Agriculture and Fishery		Other Special Machinery		
Rank	First			Second	First

## 2. Patent grant ratio

### Ranked No. 1 in All Industries

Year	2004-2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Patent grant rate	-	91.8%	94.7%	97.0%	99.2%	97.5%	100.0%	98.1%	96.4%	97.7%
Rank	First	Second	First					Second	First	

\* Patent grant rate = Number of patents granted / (Number of patents granted + Number of patents applications refused + Number of patents applications withdrawn or abandoned )  
 Number of patents applications withdrawn or abandoned = Number of patents applications withdrawn or abandoned after notice of reasons for refusal

Source: Japan Patent Office Annual Report 2020 (the Japan Patent Office)

- The objective of this presentation document is to provide information and never intends to induce any action.
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